

House of Representatives, April 14, 1998. The Committee on Finance, Revenue and Bonding reported through REP. SCHIESSL, 60th DIST., Chairman of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT REDUCING THE MOTOR VEHICLE FUELS TAX AND REQUIRING REDUCTIONS TO BE REFLECTED IN THE RETAIL PRICE OF MOTOR FUELS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (2) of subsection (a)  
2 of section 12-458 of the general statutes, as  
3 amended by section 2 of public act 97-281 and  
4 section 1 of public act 97-309, is repealed and  
5 the following is substituted in lieu thereof:  
6 (2) On said date and coincident with the  
7 filing of such return each distributor shall pay  
8 to the commissioner for the account of the  
9 purchaser or consumer a tax (A) on each gallon of  
10 such fuels sold or used in this state during the  
11 preceding calendar month of twenty-six cents on  
12 and after January 1, 1992, twenty-eight cents on  
13 and after January 1, 1993, twenty-nine cents on  
14 and after July 1, 1993, thirty cents on and after  
15 January 1, 1994, thirty-one cents on and after  
16 July 1, 1994, thirty-two cents on and after  
17 January 1, 1995, thirty-three cents on and after  
18 July 1, 1995, thirty-four cents on and after  
19 October 1, 1995, thirty-five cents on and after  
20 January 1, 1996, thirty-six cents on and after  
21 April 1, 1996, thirty-seven cents on and after

22 July 1, 1996, thirty-eight cents on and after  
23 October 1, 1996, thirty-nine cents on and after  
24 January 1, 1997, thirty-six cents on and after  
25 July 1, 1997, and [thirty-three] THIRTY-ONE cents  
26 on and after July 1, 1998; and (B) in lieu of said  
27 taxes, each distributor shall pay a tax on each  
28 gallon of gasohol, as defined in section 14-1,  
29 sold or used in this state during such preceding  
30 calendar month, of twenty-five cents on and after  
31 January 1, 1992, twenty-seven cents on and after  
32 January 1, 1993, twenty-eight cents on and after  
33 July 1, 1993, twenty-nine cents on and after  
34 January 1, 1994, thirty cents on and after July 1,  
35 1994, thirty-one cents on and after January 1,  
36 1995, thirty-two cents on and after July 1, 1995,  
37 thirty-three cents on and after October 1, 1995,  
38 thirty-four cents on and after January 1, 1996,  
39 thirty-five cents on and after April 1, 1996,  
40 thirty-six cents on and after July 1, 1996,  
41 thirty-seven cents on and after October 1, 1996,  
42 thirty-eight cents on and after January 1, 1997,  
43 thirty-five cents on and after July 1, 1997, and  
44 [thirty-two] THIRTY cents on and after July 1,  
45 1998; and (C) in lieu of such rate, on each gallon  
46 of diesel fuel, propane or natural gas sold or  
47 used in this state on and after September 1, 1991,  
48 during such preceding calendar month, of eighteen  
49 cents.

50 Sec. 2. Section 13b-68 of the general  
51 statutes, as amended by section 3 of public act  
52 97-309 and section 24 of public act 97-2 of the  
53 June 5 special session, is repealed and the  
54 following is substituted in lieu thereof:

55 (a) There is established and created a fund  
56 to be known as the "Special Transportation Fund".  
57 The fund may contain any moneys required or  
58 permitted by law to be deposited in the fund and  
59 any moneys recovered by the state for  
60 overpayments, improper payments or duplicate  
61 payments made by the state relating to any  
62 transportation infrastructure improvements which  
63 have been financed by special tax obligation bonds  
64 issued pursuant to sections 13b-74 to 13b-77,  
65 inclusive, and shall be held by the State  
66 Treasurer separate and apart from all other  
67 moneys, funds and accounts. Investment earnings  
68 credited to the assets of said fund shall become  
69 part of the assets of said fund. Any balance not

70 exceeding [twenty] TEN million dollars remaining  
71 in said fund at the end of any fiscal year shall  
72 be carried forward in said fund for the fiscal  
73 year next succeeding.

74 (b) After the accounts for the Special  
75 Transportation Fund have been closed for each  
76 fiscal year and the State Comptroller has  
77 determined the balance remaining in said fund, and  
78 after any amounts required by provision of law to  
79 be transferred for other purposes have been  
80 deducted, the amount of such balance which exceeds  
81 [twenty] TEN million dollars shall be used by the  
82 State Treasurer and shall be deemed to be  
83 appropriated for: (1) Redeeming prior to maturity  
84 any outstanding special tax obligation  
85 indebtedness of the state selected by the State  
86 Treasurer in the best interests of the state; (2)  
87 purchasing outstanding special tax obligation  
88 indebtedness of the state in the open market at  
89 such prices and on such terms and conditions as  
90 the State Treasurer shall determine to be in the  
91 best interests of the state for the purpose of  
92 extinguishing or defeasing such debt; (3)  
93 providing for the defeasance of any outstanding  
94 special tax obligation indebtedness of the state  
95 selected by the State Treasurer in the best  
96 interests of the state by irrevocably placing with  
97 an escrow agent in trust an amount to be used  
98 solely for, and sufficient to satisfy, scheduled  
99 payments of both interest and principal on such  
100 indebtedness; (4) paying or providing for the  
101 payment in the fiscal year ending June 30, 1999,  
102 or any fiscal year thereafter of debt service  
103 requirements, as defined in section 13b-75, at  
104 such time or times, in such amount or amounts and  
105 in such manner, as provided by the proceedings  
106 authorizing the issuance of special tax obligation  
107 bonds pursuant to sections 13b-74 to 13b-77,  
108 inclusive; or (5) any combination of these  
109 methods.

110 Sec. 3. (NEW) Notwithstanding the provisions  
111 of section 13b-61 of the general statutes, the  
112 Commissioner of Motor Vehicles shall deposit into  
113 the Special Transportation Fund established under  
114 section 13b-68 of the general statutes, as amended  
115 by this act, funds received by the state from the  
116 tax imposed under section 12-431 of the general  
117 statutes attributable to motor vehicles under said

118 section 12-431, in accordance with the following  
119 schedule: (1) Ten million dollars of the amount  
120 received by the state for the fiscal year ending  
121 June 30, 2000; (2) twenty million dollars of the  
122 amount received by the state for the fiscal year  
123 ending June 30, 2001; (3) thirty million dollars  
124 of the amount received by the state for the fiscal  
125 year ending June 30, 2002; and (4) the total  
126 amount received by the state from the tax imposed  
127 under said section 12-431 attributable to motor  
128 vehicles for the fiscal year ending June 30, 2003,  
129 and each fiscal year thereafter.

130 Sec. 4. Section 14-319 of the general  
131 statutes is repealed and the following is  
132 substituted in lieu thereof:

133 (a) No person shall sell or offer for sale  
134 any gasoline or other product intended for use in  
135 the propelling of motor vehicles using combustion  
136 type engines over the highways of this state  
137 without having applied for and received from the  
138 commissioner a license to sell such gasoline or  
139 other product. [; and each] EACH person applying  
140 for any such license shall, in such application,  
141 state the location of each place or station where  
142 [he] SUCH PERSON intends to sell or offer for sale  
143 any such gasoline or other product. Each such  
144 license shall be renewed annually. A license fee  
145 for each such place or station shall be charged as  
146 follows: For each station containing one pump,  
147 fifty dollars; and, for each station containing  
148 more than one pump, fifty dollars, plus fourteen  
149 dollars for each pump in excess of one. The fees  
150 shall be paid to the commissioner.

151 (b) The commissioner shall not refuse to  
152 grant or renew any [such] license UNDER THIS  
153 SECTION on the ground that (1) any licensed  
154 activity shall be conducted by the licensee on  
155 real property on which shall also be located one  
156 or more other businesses, enterprises, or  
157 activities, whether or not licensed under section  
158 14-52, owned or operated by one or more persons,  
159 other than the licensee, or (2) the licensee shall  
160 make use of any common areas or facilities  
161 together with the owner or operator of any such  
162 other business, enterprise or activity.

163 (c) IN DETERMINING WHETHER TO GRANT OR TO  
164 RENEW ANY LICENSE UNDER THIS SECTION, THE  
165 COMMISSIONER SHALL CONSIDER WHETHER THE APPLICANT

166 OR LICENSEE HAS BEEN FOUND IN ANY JUDICIAL OR  
167 ADMINISTRATIVE PROCEEDING TO HAVE VIOLATED THE  
168 REQUIREMENTS OF SUBSECTION (c) OF SECTION 14-332a,  
169 AS AMENDED BY THIS ACT.

170 Sec. 5. Section 14-332 of the general  
171 statutes is repealed and the following is  
172 substituted in lieu thereof:

173 (a) The commissioner may [make] ADOPT  
174 regulations, IN ACCORDANCE WITH CHAPTER 54,  
175 governing the administration of all statutes  
176 relating to gasoline or any other product intended  
177 as a fuel for motor vehicles or internal  
178 combustion engines or relating to the sale of such  
179 gasoline or such other product, EXCEPT AS PROVIDED  
180 IN SUBSECTION (b) OF THIS SECTION.

181 (b) THE COMMISSIONER, IN CONSULTATION WITH  
182 THE COMMISSIONER OF REVENUE SERVICES, SHALL ADOPT  
183 EMERGENCY REGULATIONS, IN ACCORDANCE WITH CHAPTER  
184 54, TO ESTABLISH A PROGRAM TO MONITOR AND ENFORCE  
185 COMPLIANCE WITH THE REQUIREMENTS OF SUBSECTION (c)  
186 OF SECTION 14-332a, AS AMENDED BY THIS ACT.

187 Sec. 6. Section 14-332a of the general  
188 statutes is repealed and the following is  
189 substituted in lieu thereof:

190 (a) As used in SUBSECTION (b) OF this  
191 section: [(1) "Retail dealer" means retail dealer  
192 as defined in section 14-318. (2)] (1) "Surcharge"  
193 means any charge by a retail dealer to any person  
194 for the pumping or sale of gasoline or other  
195 product intended for use in the propelling of  
196 motor vehicles using combustion type engines which  
197 exceeds the amount of the posted retail price  
198 displayed on such price signs as may be required  
199 by law; [. (3) "Tie-in-sale"] AND (2)  
200 "TIE-IN-SALE" means any sale by a retail dealer of  
201 any petroleum product, except gasoline, or of any  
202 other product or merchandise or of any service  
203 which is made a condition for the purchase of  
204 gasoline.

205 (b) Any retail dealer [who] THAT adds a  
206 surcharge to the price of gasoline or other  
207 product intended for use in the propelling of  
208 motor vehicles using combustion type engines sold  
209 by him at retail, or requires a tie-in-sale as a  
210 condition of such sale, shall be subject to the  
211 penalties provided in section 14-331. Nothing in  
212 this subsection shall be construed to prohibit any

213 charge for financing in accordance with sections  
214 36a-675 to 36a-685, inclusive.

215 (c) (1) DURING THE PERIOD COMMENCING ON JULY  
216 1, 1998, AND ENDING ON OCTOBER 1, 1998, UPON THE  
217 REDUCTION IN THE TAX REQUIRED BY SECTION 12-458,  
218 AS AMENDED BY THIS ACT, THAT IS EFFECTIVE JULY 1,  
219 1998, EACH RETAIL DEALER SHALL, IN ACCORDANCE WITH  
220 SUBDIVISION (2) OF THIS SUBSECTION, REDUCE THE  
221 PER-GALLON PRICE OF GASOLINE OR OTHER PRODUCT  
222 INTENDED FOR USE IN THE PROPELLING OF MOTOR  
223 VEHICLES USING COMBUSTION TYPE ENGINES SOLD BY  
224 SUCH RETAIL DEALER AT RETAIL IN AN AMOUNT EQUAL TO  
225 THE AMOUNT OF THE REDUCTION IN SUCH TAX THAT IS  
226 IMPOSED ON EACH GALLON OF SUCH GASOLINE OR OTHER  
227 PRODUCT. SUCH RETAIL DEALER SHALL MAINTAIN ANY  
228 SUCH PRICE REDUCTION IN EFFECT FOR A PERIOD OF NOT  
229 LESS THAN NINETY DAYS AFTER SUCH TAX REDUCTION.

230 (2) THE PRICE REDUCTION REQUIRED BY  
231 SUBDIVISION (1) OF THIS SUBSECTION SHALL TAKE  
232 EFFECT NOT LATER THAN (A) TWO DAYS FOLLOWING THE  
233 EFFECTIVE DATE OF THE APPLICABLE TAX REDUCTION, OR  
234 (B) THE CLOSE OF BUSINESS ON THE BUSINESS DAY ON  
235 WHICH THE RETAIL DEALER HAS COMPLETED THE SALE OF  
236 AN AMOUNT OF SUCH GASOLINE OR OTHER PRODUCT EQUAL  
237 TO THE TOTAL NUMBER OF GALLONS OF SUCH GASOLINE OR  
238 OTHER PRODUCT IN THE INVENTORY OF THE RETAIL  
239 DEALER AT MIDNIGHT ON THE EFFECTIVE DATE OF SUCH  
240 TAX REDUCTION, WHICHEVER IS LATER.

241 (3) ANY RETAIL DEALER THAT VIOLATES THIS  
242 SUBSECTION SHALL BE SUBJECT TO THE PENALTIES SET  
243 FORTH IN SECTION 14-331. A VIOLATION OF THIS  
244 SUBSECTION SHALL BE DEEMED AN UNFAIR OR DECEPTIVE  
245 TRADE PRACTICE UNDER SUBSECTION (a) OF SECTION  
246 42-110b.

247 (4) THE FOLLOWING SHALL BE AFFIRMATIVE  
248 DEFENSES TO ANY ACTION OR ADMINISTRATIVE  
249 PROCEEDING BROUGHT AGAINST A RETAIL DEALER UNDER  
250 SECTION 14-331 OR CHAPTER 735a FOR AN ALLEGED  
251 VIOLATION OF THIS SUBSECTION: (A) AN INCREASE IN  
252 THE WHOLESALE PRICE OF SUCH GASOLINE OR OTHER  
253 PRODUCT THAT OCCURS AFTER ANY SUCH TAX REDUCTION;  
254 (B) AN INCREASE IN ANY OTHER TAX IMPOSED ON SUCH  
255 GASOLINE OR OTHER PRODUCT THAT OCCURS AFTER ANY  
256 SUCH TAX REDUCTION; OR (C) ANY OTHER BONA FIDE  
257 BUSINESS COST INCREASE INCURRED BY A RETAIL DEALER  
258 AND UPON WHICH THE RETAIL DEALER RELIED IN MAKING  
259 THE DECISION TO FOREGO THE IMPLEMENTATION OR

260 CONTINUATION OF ANY SUCH PRICE REDUCTION IN WHOLE  
261 OR IN PART.

262 Sec. 7. Section 16a-14 of the general  
263 statutes is repealed and the following is  
264 substituted in lieu thereof:

265 In addition to the duties set forth in any  
266 other law, the Secretary of the Office of Policy  
267 and Management may: (1) Be designated as the state  
268 official to implement and execute any federal  
269 program, law, order, rule or regulation related to  
270 the allocation, rationing, conservation,  
271 distribution or consumption of energy resources,  
272 (2) investigate any complaint concerning the  
273 violation of any federal or state statute, rule,  
274 regulation or order pertaining to pricing,  
275 allocation, rationing, conservation, distribution  
276 or consumption of energy resources and shall  
277 transmit any evidence gathered by such  
278 investigation to the proper federal or state  
279 authorities, (3) coordinate all state and local  
280 government programs for the allocation, rationing,  
281 conservation, distribution and consumption of  
282 energy resources, (4) cooperate with the  
283 appropriate authorities of the United States  
284 government, or other state or interstate agencies  
285 with respect to allocation, rationing,  
286 conservation, distribution and consumption of  
287 energy resources, (5) conduct programs of public  
288 education regarding energy conservation, (6) carry  
289 out a program of studies, hearings, inquiries,  
290 surveys and analyses necessary to carry out the  
291 purposes of this chapter and sections 4-124c,  
292 4-124i, 4-124l, 4-124p, AS AMENDED, 8-3b, 8-31a,  
293 8-32a, 8-33a, 8-35a, 8-37a, 8-189, subsection (b)  
294 of section 8-206, sections 16a-20, 16a-102,  
295 22a-352 and 22a-353, provided if an individual or  
296 business furnishing commercial or financial  
297 information concerning [said] SUCH individual or  
298 business requests in writing at the time such  
299 information is furnished that it be treated as  
300 confidential proprietary information, such  
301 information, to the extent that it is limited to  
302 [(a)] (A) volume of sales, shipments, receipts and  
303 exchanges of energy resources, [(b)] (B)  
304 inventories of energy resources, and [(c)] (C)  
305 local distribution patterns of energy resources,  
306 shall be exempt from the provisions of subsection  
307 (a) of section 1-19, AS AMENDED, (7) enter into

308 contracts with any person to do all things  
309 necessary or convenient to carry out the  
310 functions, powers and duties of the secretary and  
311 the Office of Policy and Management under this  
312 chapter and sections 4-5, AS AMENDED, 4-1241,  
313 4-124p, AS AMENDED, 8-3b, 8-32a, 8-33a, 8-35a,  
314 8-189, subsection (b) of section 8-206, sections  
315 16a-20, 16a-102, 22a-352 and 22a-353, (8) adopt  
316 regulations in accordance with chapter 54, to  
317 establish standards for solar energy systems,  
318 including experimental systems, which offer  
319 practical alternatives to the use of conventional  
320 energy with regard to current technological  
321 feasibility and the climate of this state, (9)  
322 ADOPT DISCLOSURE AND ACCOUNTING PROCEDURES FOR  
323 RETAIL SELLERS OF MOTOR FUELS TO ENSURE COMPLIANCE  
324 WITH THE REQUIREMENTS OF SUBSECTION (c) OF SECTION  
325 14-332a, AS AMENDED BY THIS ACT, (10) REPORT TO  
326 THE GENERAL ASSEMBLY, NOT LATER THAN JANUARY 1,  
327 1999, CONCERNING THE IMPACT ON THE RETAIL PRICE OF  
328 MOTOR FUELS IN THIS STATE AS A RESULT OF ANY PRICE  
329 ADJUSTMENTS REQUIRED BY SUBSECTION (c) OF SECTION  
330 14-332a, AS AMENDED BY THIS ACT, and [(9)] (11)  
331 undertake such other duties and responsibilities  
332 as may be delegated by other state statutes or by  
333 the Governor.

334 Sec. 8. Section 16a-15 of the general  
335 statutes is repealed and the following is  
336 substituted in lieu thereof:

337 (a) Each person shall publicly display and  
338 maintain on each pump or other dispensing device  
339 from which any gasoline or other product intended  
340 as a fuel for aircraft, motor boats or motor  
341 vehicles is sold by [him] SUCH PERSON, such signs  
342 as the Commissioner of Consumer Protection, by  
343 regulation ADOPTED PURSUANT TO CHAPTER 54, may  
344 require to inform the public of the octane rating  
345 and price of such gasoline or other product. Each  
346 person selling such gasoline or other product on  
347 both a full-serve and self-serve basis and  
348 displaying the price of such gasoline or other  
349 product at a location on the premises other than  
350 at a pump or other dispensing device shall include  
351 in such display both the full-serve and self-serve  
352 prices of such gasoline or other product, in such  
353 manner as the commissioner, by regulation, may  
354 require. All signs as to price shall be the



355 per-gallon price and shall not be the price of  
356 less or more than one gallon.

357 (b) Each person shall publicly display and  
358 maintain on each pump or other dispensing device  
359 from which any gasoline or other product  
360 containing more than one per cent by volume of  
361 ethanol, methanol or any other cosolvent, and  
362 intended as a fuel for aircraft, motor boats or  
363 motor vehicles is sold by [him] SUCH PERSON, such  
364 signs as the Commissioner of Consumer Protection,  
365 by regulation ADOPTED PURSUANT TO CHAPTER 54, may  
366 require to inform the public of the amount of  
367 methanol, ethanol or any other cosolvent contained  
368 in such gasoline or other product.

369 (c) DURING THE PERIOD COMMENCING ON THE  
370 EFFECTIVE DATE OF THIS ACT AND ENDING ON OCTOBER  
371 1, 1998, EACH PERSON WHO SELLS AT RETAIL ANY  
372 GASOLINE OR OTHER PRODUCT INTENDED FOR USE IN THE  
373 PROPELLING OF MOTOR VEHICLES USING COMBUSTION TYPE  
374 ENGINES SHALL PROMINENTLY DISPLAY AT ANY LOCATION  
375 ON THE PREMISES AT WHICH SUCH GASOLINE OR OTHER  
376 PRODUCT IS SOLD, AND MAY MAINTAIN ON EACH PUMP OR  
377 OTHER DISPENSING DEVICE FROM WHICH SUCH GASOLINE  
378 OR OTHER PRODUCT IS DISPENSED, A NOTICE INFORMING  
379 THE PUBLIC OF THE REQUIREMENTS OF SUBSECTION (c)  
380 OF SECTION 14-332a, AS AMENDED BY THIS ACT. THE  
381 NOTICE REQUIRED BY THIS SUBSECTION SHALL BE IN  
382 SUCH FORM AS THE COMMISSIONER OF CONSUMER  
383 PROTECTION MAY REQUIRE BY EMERGENCY REGULATION  
384 ADOPTED PURSUANT TO CHAPTER 54 AND SHALL INCLUDE:  
385 (1) THE STATEMENT "THE GENERAL ASSEMBLY AND THE  
386 GOVERNOR HAVE REDUCED THE STATE MOTOR VEHICLE  
387 FUELS TAX BY (INSERT AMOUNT) CENTS EFFECTIVE  
388 (INSERT DATE)"; AND (2) A BRIEF DESCRIPTION OF  
389 COMPLAINT FILING PROCEDURES AND AVAILABLE REMEDIES  
390 IN THE EVENT OF A VIOLATION OF SUBSECTION (c) OF  
391 SECTION 14-332a, AS AMENDED BY THIS ACT.

392 [(c)] (d) Any manufacturer, hauler, blender,  
393 agent, jobber, consignment agent, or distributor  
394 who distributes gasoline, or other products  
395 intended as fuel for aircraft, motor boats, or  
396 motor vehicles, which contain one per cent or more  
397 alcohol by volume, shall state the percentage of  
398 alcohol and the type of alcohol on any invoice,  
399 bill of lading, shipping paper, or other  
400 documentation used in normal and customary  
401 business practices.

402 [(d)] (e) Any person who, by himself, his  
403 agent or employee, violates any provision of this  
404 section or such regulations shall be fined not  
405 less than fifty dollars nor more than two hundred  
406 fifty dollars.

407 Sec. 9. (NEW) (a) (1) During the period  
408 commencing on July 1, 1998, and ending on October  
409 1, 1998, upon the reduction in the tax required by  
410 section 12-458 of the general statutes, as amended  
411 by this act, that is effective July 1, 1998, each  
412 such distributor shall, in accordance with  
413 subsection (b) of this section, reduce the  
414 per-gallon price of gasoline or other product  
415 intended for use in the propelling of motor  
416 vehicles using combustion type engines sold in  
417 this state by such distributor to any such retail  
418 dealer, in an amount equal to the amount of the  
419 reduction in such tax that is imposed on each  
420 gallon of such gasoline or other product. Such  
421 distributor shall maintain any such price  
422 reduction in effect for a period of not less than  
423 ninety days after such tax reduction.

424 (b) The price reduction required by  
425 subsection (a) of this section shall take effect  
426 not later than two days following the effective  
427 date of the applicable tax reduction.

428 Sec. 10. This act shall take effect from its  
429 passage, except that sections 1 to 3, inclusive,  
430 shall take effect July 1, 1998.

431 FIN COMMITTEE VOTE: YEA 43 NAY 0 JFS

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"THE FOLLOWING FISCAL IMPACT STATEMENT AND BILL ANALYSIS ARE PREPARED FOR THE BENEFIT OF MEMBERS OF THE GENERAL ASSEMBLY, SOLELY FOR PURPOSES OF INFORMATION, SUMMARIZATION AND EXPLANATION AND DO NOT REPRESENT THE INTENT OF THE GENERAL ASSEMBLY OR EITHER HOUSE THEREOF FOR ANY PURPOSE."

\* \* \* \* \*

# **FISCAL IMPACT STATEMENT - BILL NUMBER SHB 5660**

STATE IMPACT                      See Explanation Below

MUNICIPAL IMPACT                None

STATE AGENCY(S)                Department of Revenue Services,  
Department of Consumer Protection,  
Office of Policy and Management

## **EXPLANATION OF ESTIMATES:**

**STATE IMPACT:** The table below shows the revenue impact to the Transportation Fund. **Please refer to the supporting schedule for revenue and expenditure projections for the Transportation Fund.**

			(In Millions)			
	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>
2-cent reduction	(26.1)	(26.3)	(26.4)	(26.6)	(26.6)	(26.6)
DMV Sales Tax		10.0	20.0	30.0	56.0	58.0
Net Impact	(26.1)	(16.3)	(6.4)	6.6	29.4	31.4

The General Fund will realize a revenue loss of \$10 million in FY 00, \$20 million in FY 01, \$30 million in FY 02, \$56 million in FY 03, and \$58 million in FY 04 as a result of transferring the sales tax collected by the Department of Motor Vehicles from the General Fund to the Transportation Fund.

The bill allows OPM to adopt disclosure and accounting procedures for retail sellers of motor fuels. These

tasks would be undertaken by OPM's Energy Unit and would require sampling prices of wholesalers and retailers and auditing for compliance with the provisions of the bill. The agency has indicated that they would need two full-time planning analyst positions to carry out these responsibilities completely. The planning analyst salary range is between \$50,000-\$60,000.

The bill is expected to result in additional costs which cannot be absorbed within the anticipated budgetary resources of the Department of Consumer Protection. The additional costs include the following items:

- 1) The cost of establishing an enforcement program. The costs are contingent upon what type of program DCP develops to meet this requirement. Depending upon the specific type of enforcement program the agency develops, costs could range between \$125,000-\$325,000. Currently, the agency has twelve field employees in the Weights and Measures Division. It is not clear how much of the new regulatory responsibilities these employees will be able to handle within their normal workload. Therefore, an assessment of additional staff needs cannot be made at this time. The 1998-99 annual salary for a weights and measure inspector is \$46,783. The agency could support between 2-6 additional employees within the previously mentioned dollar range. The agency budgets do not include fringe benefit costs as they are provided in separate accounts administered by the Comptroller. As the fringe benefit costs associated with this bill represent a relatively small amount compared to the total appropriated to the Comptroller for fringe benefits for all state employees, they have not been reflected in this estimate. It should be noted that it is not clear how the agency will be able to implement the program, prior to July 1, 1998, as it appears that any additional funding would not be available to the agency until that time.
- 2) Under the Unfair Trade Practices Act, the Department of Consumer Protection has basically two methods for resolving complaints, 1) formal administrative hearings, or 2) forwarding the

complaint to the Attorney General's Office for litigation.

DCP does not have prior experience in regulating the requirements contained in the bill. Therefore, it is assumed that the agency would need to acquire some type of expertise before it could hold a formal administrative hearing. It is estimated that the agency would need between \$50,000-\$100,000 for a consultant with the required expertise.

If most of the cases are handled administratively by DCP, the workload increase to the Office of the Attorney General is expected to be minimal and can be handled within the agency's anticipated budgetary resources.

Under the Unfair Trade Practices Act, civil penalties can be imposed for violations, thus, a revenue gain to the General Fund is anticipated. The extent of the additional revenue cannot be determined, as it would depend upon the number of violations which occurred and the amount of the penalty that are imposed.

Since it appears that the enforcement aspect of the bill will be during a limited time period, the costs incurred by DCP are not expected to be on-going.



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**OFA BILL ANALYSIS**

sHB 5660

**AN ACT REDUCING THE MOTOR VEHICLE FUELS TAX AND  
REQUIRING REDUCTIONS TO BE REFLECTED IN THE RETAIL  
PRICE OF MOTOR FUELS****SUMMARY:** The bill:

- 1) Reduces the Motor Fuels Tax by 2-cents effective July 1, 1998 (this is in addition to the scheduled 3-cent reduction, effective July 1, 1998, pursuant to PA 97-309).
- 2) Transfers the sales tax collected by the Department of Motor Vehicles on motor vehicle sales between individuals (non-dealer sales) from the General Fund to the Transportation Fund. It transfers \$10 million in FY 00, \$20 million in FY 01, \$30 million in FY 02, and the full amount in FY 03 and thereafter.
- 3) Requires Transportation Fund ending balances in excess of \$10 million, instead of \$20 million, be used to reduce future special tax obligation debt service.
- 4) Mandates that motor fuel dealers reduce the retail price of fuel commensurately with the amount of any tax reduction.

The bill requires for the period between July 1, 1998 and October 1, 1998 gasoline and motor fuel dealers reduce the consumer price of fuel commensurately with the amount of any motor fuels tax reduction. Price reductions must be made within two days after the tax reduction takes effect or as soon as their inventory of gasoline at the higher tax rate has been liquidated. The price reduction must be maintained for not less than ninety days after the tax reduction has been in effect.

The bill also (1) establishes penalties and affirmative defenses, (2) requires the Department of Consumer Protection (DCP) to adopt emergency

regulations, (3) allows the Office of Policy and Management to adopt related gasoline retail disclosure and accounting procedures and report on the bill's effect, (4) requires gasoline dealers to display a notice about its provisions on each pump or fuel dispenser, (5) requires the DCP to establish a program to monitor and enforce compliance associated with the retail price reduction requirement contain in the bill, and (6) makes violations of the retail price provisions an Unfair or Deceptive Trade Practice.

EFFECTIVE DATE: Upon Passage, except that sections 1 through 3 shall take effect July 1, 1998.

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable Substitute  
Yea 43      Nay 0